FDI in India and China

1505. SHRI C. RAMACHANDRAIAH: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that India is far behind China in attracting the foreign capital;

(b) if so, the reasons therefor;

(c) the cumulative approvals from August, 1999 to December, 2002 in comparison to China;

(d) the average realisation rate to approvals in terms of rupees for the same period, year-wise; and

(e) the approvals and realisation from 1999 to 2002, State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI CHENNAMANENI VIDYASAGAR RAO): (a) and (b) As per the United Nations Conference on Trade and Development (UNCTAD)'s World Investment Report, 2002, FDI inflows into India and China during the years 2000 and 2001 have been as under:

US $ in billion

Year	India	China
2000	2.32	40.77
2001	3.40	46.84

FDI inflows are determined by global economic situation, market conditions and global FDI inflows. Some of the major reasons for the high level of FDI inflows in China are that China opened up in mid-seventies; preferential treatment is accorded to FDI; deliberate strategy to plug into international production system; customised incentives; region specific approach etc. Further it is difficult to make a direct comparison of FDI inflows between India and China for several

reasons, including the different systems adopted for compiling FDI statistics in the two countries. According to a recent study conducted by the International Finance Corporation (IFC), adoption of international standards for computation of FDI would raise India's net annual FDI inflows from the present level of US $ 2-3 billion to about US $ 8 billion, which works out to approximately 1.7% of India's GDP.

(c) and (d) As per the SIA data base, year-wise details of approvals granted by the Government, inflows, including those received under the automatic route, and realization rate during the period from August 1999 to December, 2002 are as under:

(Amount in Rs./Crore)

Period	Total FDI approvals	Total FDI inflows received	% age realization of inflow over approvals
1999(Aug-Dec)	9,789.94	3,418.46	34.92
2000(Jan-Dec)	17,236.97	10,092.38	58.55
2001(Jan-Dec)	20,939.68	15,841.80	75.65
2002(Jan-Dec)	11,058.10	16,123.36	145.81
TOTAL:	59,024.69	45,476.00	77.05

Information on cumulative approvals for foreign investment in China is not available.

(e) State-wise data on inflows is maintained only from January, 2000 onwards. The details of approvals and realization, available from the year 2000, are in the enclosed Statement.

Statement

Statement on State-wise break-up foreign direct investment (FDI) approved and inflow received with percentage realization

During January 2000 to December 2002

(Amount in crore)

S.No.	Name of the State	Amount of Foreign Direct Investment Approved (in Rs.)	Amount of FDI Inflow Received (in Rs.)	%age realization of inflow over approvals (in terms of rupees)
1	Andhra Pradesh	1,696.12	880.27	51.90
2	Assam	0.00	6.29	—
2A	Bihar	31.85	1.60	5.02
3	Gujarat	2,418.12	426.93	17.66
4	Haryan	673.64	0.00	—
5	Himachal Pradesh	813.60	0.00	—
6	Karnataka	4,282.29	2,785.82	65.05
7	Kerala	721.58	178..51	24.74
8	Madhya Pradesh	396.05	22.20	5.61
9	Maharashtra	10,303.55	11,436.35	110.99
10	Meghalaya	0.00	0.00	—
11	Orissa	242.47	0.00	—
12	Punjab	41.79	0.00	—
13	Rajasthan	564.07	8.72	1.55
14	Tamil Nadu	6,186.52	2,635.79	42.61
15	Uttar Pradesh	1,119.89	0.00	—
16	West Bengal	1,247.56	232.11	18.61
17	Chhattisgarh	16.08	0.00	—
18	Jharkhand	21.00	0.00	—
19	Uttaranchal	0.92	0.00	—
20	Andaman & Nicobar	0.00	0.00	—
21	Chandigarh	50.40	1,009.79	—
22	Dadra & Nagar Haveli	0.04	0.2	—
23	Delhi	6,354.88	12,370.15	194.66
24	Goa	468.47	191.90	40.96
25	Mizoram	1.52	0.00	—
26	Pondicherry	848.86	299.27	35.26
27	Daman & Diu	12.63	0.00	—
28	State Not Indicated	10,720.86	9,571.67	89.28
	Grand Total	49,234.75	42,057.57	85.42

Note: 1. Percentage of figures do not take in to account the amount of FDI Inflows for ADRs/GDRs/FCCBs, RB¹s-NRI Schemes, Stock Swapped and Advance Pending for Allotment of Shares, as these are not categorized State-wise.

2. The above FDI approval and Inflow includes only RBI+SIA+FIPB+ Acquisition of Shares routes and excludes state-wise GDRs/ADRs approved.